Moderated

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KENYATTA UNIVERSITY
2019/2020 SECOND SEMESTER EXAMINATIONS
DSVOL EAE 307: INTERNATIONAL ECONOMICS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS. TIME: 2HOURS

QUESTION ONE

a). As a student of international Economics and using relevant examples, explain vitality of international trade. rephrase **(10marks)**

b). Explain the Theory of Comparative Advantage using the Modern Concept of Opportunity Cost. **(10marks)**

c). Demonstrate the effects of a tariff imposed by a Small Country, like Kenya. **(10marks)**

(a) and (b) too simplistic for this level. Set another question (d) and rearrange marks.

QUESTION TWO

a). ~~As an International Economics student,~~ Explain whether the Mercantilism were able to achieve their objectives. rephrase **(10marks)**

b). Using a graph, demonstrate a Firm's Choice of Technique for Producing Good X in Country A in neoclassical economy. **(10marks)**

QUESTION THREE

a). Using relevant examples elaborate on Smith's Theory of Absolute Advantage. **(10marks)**

b). In Brief discuss the David Ricardo's Contribution to the Theory of Trade. **(10marks)**

QUESTION FOUR

a). Demonstrate the Partial Equilibrium Welfare Effects of a Tariff. **(10marks)**

b). Using an illustration, demonstrate individual Indifference Curves in Autarky. **(10marks)**

QUESTIÓN FIVE

a). With appropriate examples explain the modification of H-O Model in explaining the patterns of trade under the following:

i). Classification of Inputs. **(5marks)**

ii). Trade with Economies of Scale. **(5marks)**

~~b) Demonstrate the effects of a Tariff Imposed by a Small Country, like Kenya. (10marks)~~

repeated – see Q1(c). Set another question.

b) Explain the major competing explanations for the Leontief paradox. (10MKS)

The question are too simplistic for this level – see Q1, Q3, Q4. Reallocate the marks and set other sections